

Message Text

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ORIGIN STR-07

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TO USMISSION GENEVA IMMEDIATE
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY BUENOS AIRES
AMEMBASSY CANBERRA
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
USMISSION GENEVA
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO

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ALSO USMTN, USOECD, ALSO USEC - PASS TOM SAYLOR

E.O. 11652: N/A

TAGS: ETRD, EAGR, MTN

SUBJECT: CNS ON U.S. POSITION IN IWA
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1. ON MARCH 14 COMMODITY NEWS SERVICE (CNS) FILED A STORY ALLEGEDLY QUOTING STATEMENTS BY SECRETARY BERGLAND THAT THE U.S. WOULD PROPOSE SPECIFIC PRICE CORRIDORS FOR AN IWA AFTER THE FRENCH ELECTIONS AND COULD RECONSIDER ITS POSITION REGARDING NEGOTIATION OF COARSE GRAINS IN RETURN FOR EC COMMITMENTS ON MARKET ACCESS.

2. IN RESPONDING TO INQUIRIES ON THIS STORY POSTS SHOULD RESPOND AS FOLLOWS:

A. COARSE GRAINS - THE U.S. AND EC DISCUSSED THE COARSE GRAINS ISSUE DURING RECENT MEETINGS IN WASHINGTON. THE U.S. STRESSED ITS INTEREST IN EXPANDED MARKET ACCESS WHILE THE EC EMPHASIZED THE NEED FOR GREATER PRICE STABILITY. IT WAS CLEAR THAT OUR POSITIONS WERE FAR APART AND IT IS NOT CLEAR AT THIS POINT WHETHER IT WILL BE POSSIBLE TO BRIDGE THE GULF BETWEEN OUR POSITIONS. WE ANTICIPATE FURTHER DISCUSSIONS ON THIS ISSUE WITH THE EC AS WELL AS OTHER INTERESTED COUNTRIES.

B. WHEAT - THE U.S. HAS NO PLANS TO PUT SPECIFIC PRICE

PROPOSALS ON THE TABLE AT THIS TIME. IN OUR VIEW DISCUSSIONS OF PRICE WOULD NOT BE USEFUL UNTIL THERE IS AGREEMENT ON THE CONCEPT OF AN IWA.

3. THE COMPLETE TEXT OF THE CNS STORY IS AS FOLLOWS:

BERGLAND SAYS U.S. TO PROPOSE SPECIFIC "PRICING CORRIDOR" FOR IWA

WASH--MAR 14--CNS--THE U.S. WILL PROPOSE A "PRICING LIMITED OFFICIAL USE

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CORRIDOR," WITH SPECIFIC RESERVE-TRIGGER PRICES FOR A NEW INTERNATIONAL WHEAT AGREEMENT (IWA) AFTER THE FRENCH ELECTIONS ARE COMPLETED NEXT WEEK, U.S. AGRICULTURE SECRETARY BOB BERGLAND SAID TODAY.

BERGLAND TOLD CNS THE FRENCH ELECTIONS HAVE BEEN THE MAJOR OBSTACLE TO REACHING AN IWA DURING THE TALKS IN GENEVA. HE PREDICTED THE EUROPEAN ECONOMIC COMMUNITY WILL BE MORE WILLING TO DISCUSS SPECIFIC ARTICLES OF AN AGREEMENT AFTER THE ELECTIONS.

EEC AGRICULTURAL COMMISSIONER FINN GUNDELACH, DURING A VISIT HERE LAST WEEK, TOLD REPORTERS THE TALKS ARE BEING HELD UP BECAUSE THE U.S. WOULD NOT AGREE TO INCLUDE COARSE GRAINS IN THE WHEAT AGREEMENT.

BUT, BERGLAND SAID, "WE FOUND AGREEMENT IN THE AREA OF WHEAT. WE WILL BE PROPOSING A PRICING CORRIDOR. WE HAVE NUMBERS READY TO GO BUT WE CAN'T BE SPECIFIC UNTIL THE FRENCH ELECTIONS ARE OVER."

THE U.S. HAS NOT ABANDONED ITS SUPPORT FOR A STABLE WORLD

PRICE BASED ON A WHEAT RESERVE, AND THE PRICING CORRIDOR
WILL BE IN THE CONTEXT OF THAT PROGRAM, BERGLAND SAID.

ALTHOUGH IN THE PAST THE U.S. HAS AFFIRMED IT WILL NOT
NEGOTIATE COARSE GRAINS INTO THE WHEAT AGREEMENT, BERGLAND
INDICATED THE U.S. COULD RECONSIDER ITS POSITION IN RETURN
FOR EEC COMMITMENTS TO LOWERING GRAIN IMPORT TAXES OR
CUTTING EXPORT RESTITUTIONS TO EUROPEAN PRODUCERS.

"THE EEC IS OUR MOST RELIABLE TRADING PARTNER," BERGLAND
SAID. "THEY BEGGED FOR TIME AND WE GAVE IT TO THEM."
HE ADDED THAT HE EXPECTS THE EEC TO "GIVE CAREFUL CONSID-
ERATION TO A U.S. PROPOSAL SPECIFYING NUMBERS."

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ASKED WHETHER THE U.S. FEEDGRAIN PRODUCERS WOULD NOT OPPOSE
THE INCLUSION OF COARSE GRAINS IN A WHEAT AGREEMENT,

BERGLAND SAID, "IT DEPENDS ON WHAT THE COMPONENTS OF THE
AGREEMENT MIGHT BE."

HE ADDED, HOWEVER, THAT THE U.S. IS NOT WILLING TO SURREN-
DER ITS DUTY-FREE SOYBEAN ACCESS INTO THE EEC.

END VANCE

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